

Iraq – Ex-Im Bank signed a framework agreement with the interim Iraqi government to provide a \$500 million trade facility through the Trade Bank of Iraq. Under this program, the Bank will insure short-term letters of credit issued through the Trade Bank for U.S. exports that contribute to Iraq's reconstruction. These Iraqi imports will be funded through the Development Fund for Iraq by current Iraqi oil export revenues.

Ex-Im Bank/SBA Working Capital Co-guarantee – U.S. small businesses seeking to sell their products and services in foreign markets can access more financing support through a co-guarantee product established in fiscal year 2004 by Ex-Im Bank and the U.S. Small Business Administration (SBA). This product enables Ex-Im Bank and the SBA to co-guarantee loans of up to \$2 million to small business exporters under the SBA's Export Working Capital Program. Co-guarantee financing helps simplify the application and approval process for those small businesses that need more capital than they could obtain under the SBA's program alone.

MARAD/Export Transportation Finance Agreement – Ex-Im Bank and the U.S. Maritime Administration (MARAD) of the Department of Transportation developed a program to provide Ex-Im Bank-guaranteed working capital loans for shipping, logistics and other companies involved in ocean freight transportation. Under the agreement signed in November 2004, Ex-Im Bank can provide working capital loans to export service providers, enabling them to extend credit terms to their export clients.

Ex-Im Bank and MARAD also agreed to raise the minimum threshold for Ex-Im Bank-guaranteed U.S. export transactions that require shipment on U.S. flag vessels from \$10 million to \$20 million. This agreement provides greater flexibility for U.S. exporters seeking Ex-Im Bank financing and also enables the Bank to expand working capital support to more U.S. companies involved in exporting.

Environmental Common Approaches – In December 2003, the U.S. government and all of its counterpart members of the Organization for Economic Cooperation and Development (OECD) agreed on common approaches for evaluating environmental impacts of projects financed by export

credit agencies. Major progress was made on two important issues: standards and transparency. In July 2004, Ex-Im Bank approved a new version of its environmental procedures and guidelines to make Ex-Im Bank's guidelines consistent with the OECD guidelines.

Facilitating Asset-based Aircraft Financing – Ex-Im Bank supports the U.S. government's efforts to promote the Cape Town Convention, an international treaty that will facilitate cross-border, asset-based financing of large commercial aircraft, helicopters and related equipment. In October 2004, the United States became the fifth nation to ratify the treaty and the related aircraft protocol. The treaty will be in effect when eight countries have ratified and implemented it. As an incentive to encourage other countries to sign and ratify the treaty, Ex-Im Bank extended through September 30, 2005, its offer of a reduced exposure fee to any airline in a country that has signed, ratified and implemented the treaty.

Markets Update

Ex-Im Bank is opening up new markets for U.S. exporters and expanding our support of U.S. exports. The Bank is active in approximately 90 countries throughout the globe. In fiscal year 2004, Ex-Im Bank authorized \$3.1 billion supporting U.S. exports to Latin America, \$1.7 billion for U.S. exports to Europe and Canada, \$1.5 billion for U.S. exports to Asia, and more than \$1 billion for U.S. exports to Africa and the Middle East.

Supporting U.S. Exports to Sub-Saharan Africa – Fiscal year 2004 was Ex-Im Bank's best year ever in terms of the number of transactions (160) authorized for sub-Saharan Africa. Much of the success can be attributed to Ex-Im Bank's strategic marketing efforts, including strengthening relationships with African banks.

Expanded Cover Policies – In addition to the Iraq Trade Bank agreement to support U.S. exports to Iraq, in fiscal year 2004, Ex-Im Bank opened for business for all programs in the public (sovereign) sector in Pakistan. In Azerbaijan, the Bank opened for short-term and medium-term financing in the nonsovereign sector. In Ukraine, the Bank opened in fiscal

year 2004 for long-term financing to the public sector and in early fiscal year 2005 for long-term financing in the nonsovereign sector.

International Marketing – The Bank is actively marketing its programs internationally. For example, in early fiscal year 2004, Ex-Im Bank held a conference in Slovenia involving U.S. exporters and both sovereign and nonsovereign buyers in Southeast and Central Europe. In September 2004, Ex-Im Bank co-hosted with the Corporate Council on Africa a very successful continent-wide conference on infrastructure projects in Africa. The conference brought together project sponsors, exporters and financiers from throughout Africa and other regions.

Dedicated to the Future

I would like to emphasize that Ex-Im Bank is committed to anticipating the export opportunities and obstacles that U.S. companies will have in the future.

Ex-Im Bank's dedicated, professional staff provides outstanding service to U.S. companies and excellent value to U.S. taxpayers. I am proud to be serving with this team on behalf of U.S. exporters.

At Ex-Im Bank, we aim to keep U.S. companies in the vanguard of international trade by putting the customer first, reducing the cost and time of doing business with us, and supporting the knowledge- and service-based U.S. industries while maintaining undiminished our strong traditional support for the U.S. manufacturing sector. With these priorities, Ex-Im Bank will continue to assist U.S. companies in sustaining U.S. jobs and maintaining the world's most powerful economy.

Sincerely,

Philip Merrill

Philip Merrill
President and Chairman

BOARD OF DIRECTORS, FY 2004



From left: April H. Foley, vice chair; Philip Merrill, president and chairman; Linda Conlin and J. Joseph Grandmaison, board members



Max Cleland, board member

EX-IM BANK SENIOR MANAGEMENT, FY 2004



From left, front row: James H. Lambright, executive vice president; Philip Merrill, president and chairman; Peter Saba, chief operating officer, senior vice president, Legal Affairs, and general counsel

From left, back row: Lorrie A. Secrest, senior vice president, Communications; Michael Cushing, senior vice president, Resource Management; Jeffrey L. Miller, senior vice president, Export Finance; James C. Cruse, senior vice president, Policy; John A. McAdams, senior vice president, Credit and Risk Management; Thomas C. Montgomery, senior vice president, Congressional Affairs; and James K. Hess, senior vice president and chief financial officer